

Objection Deadline: November 10, 2011 at 4:00 p.m. (Eastern)  
Hearing Date and Time: December 6, 2011, at 10:00 a.m. (Eastern)

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**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

**In re**

**LEHMAN BROTHERS HOLDINGS INC., *et al.*,**

**Debtors.**

**Chapter 11 Case No.**

**08-13555 (JMP)**

**(Jointly Administered)**

**RESPONSE AND RESERVATION OF RIGHTS OF ETHIAS SA WITH RESPECT TO  
NOTICES OF PROPOSED ASSUMPTION OF EXECUTORY CONTRACTS AND  
UNEXPIRED LEASES PURSUANT TO DEBTORS' THIRD AMENDED JOINT  
CHAPTER 11 PLAN PURSUANT TO SECTION 1121 OF THE BANKRUPTCY CODE**

Ethias SA submits this response and reservation of rights (the "Response") with respect to (i) the Plan Supplement [Docket No. 21254] (the "Plan Supplement"), filed on October 25, 2011, by Lehman Brothers Holdings Inc. and its affiliated debtors (collectively, the "Debtors") solely with respect to the proposed assumption of certain contracts, as described below, (ii) the Notice of Proposed Assumption of Executory Contracts and Unexpired Leases Pursuant to Debtors' Third Amended Joint Chapter 11 Plan Pursuant to Section 1121 of the Bankruptcy Code, dated October 27, 2011, with respect to Diamond Finance 2006-2, as "Counterparty" thereunder (the "Diamond Notice"), and (iii) the Notice of Proposed Assumption of Executory Contracts and Unexpired Leases Pursuant to Debtors' Third Amended Joint Chapter 11 Plan Pursuant to Section 1121 of the Bankruptcy Code, dated October 27, 2011, with respect to Saphir Finance PLC 2008-1, as "Counterparty" thereunder (the "Saphir Notice" and,

together with the Diamond Notice, the “Notices”), and in support of the Response, respectfully represents as follows:

**Response**

1. Dante Finance Public Limited Company (“Dante”) and BNY Mellon Corporate Trustee Services Limited (the “Trustee”) are parties to a principal trust deed dated October 10, 2002, as amended and restated from time to time, to which Diamond Finance Public Limited Company (“Diamond”) and Saphir Finance Public Limited Company (“Saphir” and together with Diamond, the “Issuers”) have acceded pursuant to a Deed of Accession dated July 22, 2005 (the “Accession Deed”) establishing a program (the “Program”) for the issuance from time to time of secured notes (the “Principal Trust Deed”). Pursuant to clause 2.7 of the Principal Trust Deed, Diamond has authorized and issued its Series 2006-2 EUR 40,000,000 CDO of CDO Credit-Linked Synthetic Portfolio Premium Notes due 2016 (ISIN: XS0259223286) (the “Diamond Finance 2006-2 Issuance”), and Saphir has authorized and issued its Series 2008-1 EUR 60,000,000 ABS Long-Short Floating Rate Notes due 2046 (ISIN: XS0338465502) (of which EUR 20,000,000 in outstanding principal amount has been repurchased and cancelled) (the “Saphir Finance PLC 2008-1 Issuance”).

2. Lehman Brothers Special Financing Inc. (“LBSF”) and each of the Issuers entered into swap transactions governed by that certain ISDA Master Agreement and Schedule to the ISDA Master Agreement dated as of October 10, 2002, as amended and restated from time to time (the “Master Agreement”), between LBSF and Dante, to which each Issuer has acceded under the Accession Deed.

3. According to Exhibit A of the Notices, the Debtors propose to assume (i) an unidentified agreement between LBSF and Diamond Finance 2006-2, as “Counterparty”

thereunder, and (ii) an unidentified agreement between LBSF and Saphir Finance PLC 2008-1, as “Counterparty” thereunder.

4. Ethias SA, as sole noteholder of the Diamond Finance 2006-2 Issuance and the Saphir Finance PLC 2008-1 Issuance has been engaged in ongoing settlement discussions with LBSF representatives, the Issuers and the Trustee with respect to the Master Agreement and related swap transactions. Accordingly, to the extent that the Debtors propose to assume the Master Agreement and/or other contracts in connection with the Master Agreement (collectively, the “Contracts”), Ethias SA objects to the proposed assumption of such Contracts pending (a) the successful conclusion of the ongoing settlement discussions regarding the Contracts or (b) the adjudication or final determination by this Court regarding all matters related to the Contracts.

#### **Reservation of Rights**

5. Ethias SA reserves all rights, claims, defenses, and remedies in connection with the proposed assumption of the Contracts, including, without limitation, the right to amend, modify or supplement this Response, dispute the treatment of the Contracts as executory contracts, seek discovery, seek full cure and compensation pursuant to Section 365 of the Bankruptcy Code, and otherwise raise any additional objections on any and all grounds.

**Relief Requested**

WHEREFORE, Ethias SA respectfully requests that the Court (i) adjourn any hearing to approve the assumption of the Contracts until such time as the disposition of the Contracts is resolved, and (ii) grant Ethias SA such other relief as is just and proper.

Dated: New York, New York  
November 9, 2011

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